

General Manager – Strategic Policy and Energy Systems Innovation Branch  
Australian Energy Regulator  
GPO Box 520  
MELBOURNE VIC 3001

By email: [ConsumerPolicy@aer.gov.au](mailto:ConsumerPolicy@aer.gov.au)

Dear Sir/Madam,

**RE: Submission regarding Better Bills Guideline**

Thank you for the opportunity to provide a submission with respect to the Better Bills Guideline. The Council of Small Business Organisations Australia (COSBOA) welcomes the Better Bills Guideline Consultation Paper and appreciates being able to contribute a submission from the valuable perspective of small business owners who are energy consumers.

**The Council of Small Business Organisations Australia (COSBOA)**

COSBOA is the national peak body representing the interests of small business. Collectively, COSBOA's members represent an estimated 1.3 million of the 2.5 million small and family businesses that operate in Australia.

As a collaboration of peak organisations across a wide range of industries, COSBOA acknowledges small and medium sized enterprises (SMEs) are major contributors to the Australian economy. SMEs employ 68% of Australia's workforce. In GDP terms, SMEs together contribute 56% of value added. Small and medium businesses are therefore key partners in rebuilding Australia's economy as Australia emerges from the COVID-19 pandemic.

**Scope of submission**

COSBOA's submission will be focused on the perspective of small business owners who are energy consumers. COSBOA's collaborative consultation with respect to the Better Bills Guideline has included discussions with our members including representatives from the Australasian Convenience and Petroleum Marketers Association, Australian Association of Convenience Stores, Restaurant and Catering Industry Association, Newsagent Association of NSW and ACT Ltd, Australian Booksellers Association, Communications and Information Technology Training and Tasmanian Small Business Council.

## Research interviews

In December 2021, some of our members participated in research interviews with Hall & Partners to provide verbal feedback. The perspectives and experiences shared came from a range of sectors including retail, hospitality, and professional services.

Research findings demonstrated that although small business customers have some different approaches and engagement with their energy bills, they have similar needs to residential customers.

## Summary of research findings

Key findings of the research undertaken include:

- 1. Small business owners manage their energy bills in the context of their business.** Small business owners appreciate being able to integrate their energy bills into their existing technology enabled processes such as forwarding a PDF bill to their accountant or uploading a PDF bill to software that can auto-read bills. Paying for their energy in advance or on a weekly or monthly cycle helps small business owners manage cashflow and operate within their budget cycles.
- 2. Energy is one of many costs for small business owners, sometimes piling in comparison to others such as payroll.** Small business owners see their energy bills in very practical terms as just the 'cost of doing business.' As a result, they can be disengaged and fall into a 'set and forget' mindset, particularly in the current COVID-19 climate when they are dealing with multiple stressors such as lockdowns, worker shortages, financial hardship and increasing debt.
- 3. Small business owners value their time and energy.** Understanding whether they are on the best energy plan for them requires an investment of time and energy that could otherwise be spent on their core business. Many small business owners are already very time poor. There must be a clear payoff or benefit for the investment of time to be considered worthwhile.
- 4. Small business owners' informational requirements are low.** Small business owners are primarily seeking information that will help them quickly confirm that the bill aligns with their budget and expectations and ensure it is paid in a timely fashion. However, like residential consumers, they value having access to more detailed information when needed. When presented with different bill prototypes, there was a clear preference for the comprehensive bill. Small business owners like to be able to access succinct and accurate information quickly, as well as having more detailed information that can be accessed if required.
- 5. Small business owners generally avoid contacting their retailer unless absolutely necessary.** This is due to the investment of time and energy involved. If a bill does not align with their expectations, small business owners are likely to look for internal causes first such as employees working out of regular hours or

new or faulty equipment. The main reasons for seeking assistance from energy retailers include bills that are significantly higher than expected or the need to arrange extensions and payment plans.

### **Small business energy challenges**

Small business owners are predominantly engaged undertaking their core business activities. The fact that they are so time poor can limit their capacity to deal with complex administrative burdens. Consequently, they can experience difficulties with respect to understanding their energy bills, comparing tariffs and usage, raising concerns with energy retailers and knowing how to go about getting a better deal.

*“People are just flat out 25/8, not 24/7 but 25/8. So busy ... for them the whole focus is making sure that their ship is sailing straight ... peripheral vision for bills.”*

*“If I’ve got an issue, I want to fix it today or I might fix it tomorrow ... maybe next week at the longest. But if it looks too hard, we’ve got too many other things to do, so I’ll go onto the next issue that comes in which might be a labor shortage or unfair dismissal claim and automatically it just goes off the radar.”*

*“They don’t have time to work through that – if that’s what you’re looking, that is excellent and I think that would be very good for small business.”*

### **Bill content and design**

Small business owners require clear, concise energy bills. Bills need to include simple language and easy to understand information on the first page, with access to additional information as required. It is important to consider how bills can be made more culturally appropriate for CALD communities. It is also important to consider how information about financial counselling and other regulatory support services can be made more visible and therefore more accessible to small business owners, many of whom are currently experiencing significant financial hardship.

*“The bills themselves are very confusing.”*

*“Include that at the front or as a separate piece of paper so it’s fairly clear what that information is. That is a must for small business. Most small businesses, mums and dads ... less than 20 people ... they don’t have a HR or accounts. They’ve got a person who just looks at the bill and says, oh we spent a lot of money ... frustration all round with the energy industry ... a complete overhaul for clarity for business.”*

*“Where is it? Where’s that information located now? Most of it is buried on the second or third page of the bill ... you’ve gotta look for it and you’ve gotta know what to look for.”*

### **Additional information**

Some of our members were aware of the Energy Made Easy free Australian Government energy price comparison service for households and small businesses in New South Wales, Queensland, South Australia, Tasmania and the Australian Capital Territory. Other members

were not aware of the service. Members in Victoria have not been able to access the service and therefore feel it is not comprehensive enough.

*“It’s not comprehensive enough.”*

*“There is a need in the industry for a reputable comparison service as long as the information is easily understood.”*

Some members believe energy retailers are supportive with respect to assisting consumers to access better deals, while others believe there is still too much confusion. We advocate for the provision of consistently clear, concise and accurate information from energy retailers.

*“We’re happy to work more closely with the providers and see whether there’s an opportunity for us to either give our existing customers a better deal or to give our non-customers a deal ... once again though you’re running with it because of the complexity of the system, it seems to be a bit in the dark in terms of pricing.”*

*“Energy brokers ... there doesn’t seem to be much regulation. They’re pretty pushy ... is it my existing provider or an alternative provider? ... It’s an opaque market that’s relatively complicated from a business perspective.”*

Our members believe there is a greater role for government to play in assisting small business industry associations and small businesses owners. Key areas of focus include engaging with energy retailers, understanding energy usage and costs, negotiating payment arrangements and making complaints.

*“They’ll come to us first to seek some guidance, and so one of the elements of our proposition is very much about providing a knowledge dividend to businesses.”*

*“For instance, there’s a 50% variation in their bills and there doesn’t appear to be a seasonal factor or what have you, the first suggestion we would make would be to utilize whatever review process is available from their supplier and that they should exhaust that and then if they felt that the review process hadn’t been conducted properly or their genuine concerns hadn’t been listened to, we would look at assisting them to tap into their third party, consumer small business complaint mechanisms ... we look at what regulatory agency support may be available.”*

## **Summary**

In summary, COSBOA welcomes the implementation of the AER’s suggested design principles to ensure simple, concise and easy to understand energy bills for small business owners who are energy consumers.

Small business owners are extremely busy. Their time and energy are highly valuable. They have limited resources to devote to understanding confusing energy bills and raising their concerns or complaints with energy retailers.

Many small business owners have faced significant challenges in recent times due to COVID-19 lockdowns, worker shortages, severe financial hardship and increasing debt. It is essential that the barriers and complexities involved in understanding energy usage and costs are reduced as much as possible. Small business owners need to be able to understand their energy bills quickly and access further support as easily as possible.

**Future consultation**

COSBOA advocates for continued small business consultation with respect to the Better Bills Guideline. Our members would appreciate ongoing involvement with the Australian Energy Regulator, including our continued participation in the Better Bills Working Group and other opportunities for our members to provide feedback on the progress of the Better Bills Guideline in the future.

On behalf of our members, I sincerely thank you for the opportunity to participate in this consultation process.

Yours sincerely,

A handwritten signature in black ink that reads "A Boyd". The signature is written in a cursive, slightly slanted style.

Alexi Boyd  
Chief Executive Officer  
Council of Small Business Organisations Australia (COSBOA)

31 January 2022